

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7263

BILL NUMBER: HB 1009

NOTE PREPARED: Feb 6, 2015

BILL AMENDED: Feb 5, 2015

SUBJECT: Freedom to Teach Act.

FIRST AUTHOR: Rep. Behning

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: (Amended) This bill has the following provisions:

Freedom to Teach Program: The bill allows a governing body of one or more school corporations to establish a Freedom to Teach school, zone, or district. It establishes the Freedom to Teach Grant Fund to provide grants to governing bodies that establish a Freedom to Teach school, zone, or district.

Career Pathways Pilot Program: The bill establishes the Career Pathways Pilot Program.

Effective Date: (Amended) Upon passage.

Explanation of State Expenditures: (Revised) *Summary:* State Board of Education - The State Board should be able to administer the Freedom to Teach Grant Fund and evaluate the Freedom to Teach program within its existing budget, assuming near customary agency staffing and resource levels. When assigning a school, zone or district to an academic performance category, the State Board would indicate whether the school is a Freedom to Teach school or part of a Freedom to Teach zone, or whether the school corporation is a Freedom to Teach district.

The State Board would also develop and administer the Career Pathways Pilot Program and evaluate proposals from school corporations for grants from the program within its existing resources. The grants would be made from the Freedom to Teach Grant Fund.

Department of Education (DOE) - The DOE should be able to include Freedom to Teach schools, zones, and districts in its reports on academic performance and provide certain data on these entities to the State Board within its current resources.

State Budget Agency - The agency would be able to provide data on Freedom to Teach schools, zones, and districts to the State Board within its existing resources.

(Revised) *Freedom to Teach Grant Fund* - The bill establishes the Freedom to Teach Grant Fund (nonreverting) to provide a one-time grant to qualified Freedom to Teach schools, zones and districts, grants to qualified Freedom to Teach teams to reimburse them for costs associated with developing a Freedom to Teach plan, and grants to school corporations under the Career Pathways Pilot Program. The fund would consist of appropriations made by the General Assembly, gifts, grants, donations, and interest income. The Treasurer of State would invest the unobligated money in the fund. The bill does not make an appropriation to the fund. Under the bill, the State Board may not award Freedom to Teach teams more than 20% of the amount appropriated in the state biennial budget for the fund.

Additional Information: Freedom to Teach Program - The State Board may award a Freedom to Teach school, zone, or district a one-time grant from the Freedom to Teach Grant Fund. The DOE would include these entities in its reports on academic performance. At the request of the State Board, the State Budget Agency and the DOE would provide the State Board with the data required to evaluate the Freedom to Teach program.

(Revised) *Career Pathways Pilot Program* - Under this bill, the State Board would administer the Career Pathways Pilot Program. The State Board would develop the pilot program, outline the duties of teachers in the program, and evaluate grant proposals submitted by school corporations. The bill requires school corporations to apply to the State Board to participate in the program beginning in the 2016-17 or 2017-18 school year.

Explanation of State Revenues:

Explanation of Local Expenditures: *Summary: Freedom to Teach Program* - The governing body of a school corporation would have to expend resources on reviewing Freedom to Teach plans and holding public hearings to discuss the plan. The governing body would also incur additional costs associated with contract negotiations with a Freedom to Teach team. These expenses would have to be financed from the school corporation's existing budget and from gifts, grants, and donations.

The governing body would also incur additional costs in developing a program to support teachers and administrators who wish to establish a Freedom to Teach school, zone, or district.

(Revised) *Career Pathways Pilot Program* - School corporations would incur additional expenditures in developing a career pathways plan to be submitted to the State Board. Corporations would also incur additional expenditures in increasing the salaries of qualified teachers. Under the program, the salary of a career pathway teacher would be increased by at least 10% or 25%, depending on the duties assumed by the teacher.

(Revised) *Additional Information:* The bill specifies that employees of a Freedom to Teach entity or employees that participate in the Career Pathways Pilot Program may organize and collectively bargain only as a unit separate from other school employees.

(Revised) *Freedom to Teach Program* - The bill establishes Freedom to Teach schools, zones (a group of schools), or districts. Under the bill, a qualified applicant (as defined by the bill) may submit a plan to the governing body of the school corporation where the qualified applicant is employed to create a Freedom to Teach school, zone, or district within the school corporation. If the governing body disapproves of the plan or fails to vote on it, the governing body would return the plan to the applicant and forward a copy to the State Board and the DOE.

If the governing body approves the plan, it may either establish a Freedom to Teach school, zone, or district, or enter into a contract with a Freedom to Teach team. It may also request a grant from the State Board to implement the plan. If the governing body signs a contract with a Freedom to Teach team, it would notify the State Board and the DOE about the contract.

The Freedom to Teach team would have full operational autonomy to run the Freedom to Teach entity as per contract. It would make all personnel decisions. The bill specifies which of the current statutes apply to Freedom to Teach entities and which do not. Employees would be entitled to participate in the retirement fund specified in the contract.

(Revised) *Career Pathways Pilot Program* - At a minimum, the plan would permit qualified teachers to progress within their careers and become a career pathway teacher by assuming responsibility for the growth of an increasing number of students. Additionally, under the plan, career pathway teachers would maintain their rating as a highly effective teacher while simultaneously spending an increasing amount of time mentoring other teachers.

The plan's goal would be to have at least 75% of the students in the language arts, mathematics, social studies, and science classes taught by a highly effective teacher within three years of its implementation. It would also have options for a teacher to resign from the program.

Under the plan, school corporations may have to reallocate money from other funds in order to finance salary increases for teachers. The plan would also include a method to determine how effective it is in improving the quality of classroom instruction, increasing the attractiveness of teaching, and retaining high-quality teachers.

Explanation of Local Revenues: *Freedom to Teach Program* - Schools and governing bodies may seek and accept gifts, grants and donations to defray some of the costs associated with developing and implementing a Freedom to Teach plan. Schools and school corporations whose Freedom to Teach plans have been approved by the governing body could receive a one-time grant from the Freedom to Teach Grant Fund. Total local revenues would increase as a result.

State Agencies Affected: State Board of Education; Department of Education; State Budget Agency; Treasurer of State.

Local Agencies Affected: School corporation governing bodies; School corporations; Schools.

Information Sources:

Fiscal Analyst: David Lusan, 317-232-9592.